

# **FISCAL NOTE**

## **HB 2771 - SB 2779**

February 27, 2006

**SUMMARY OF BILL:** Specifies that no governmental or other entity authorized to exercise the power of eminent domain may do so if the taking is for the sole or primary purpose of economic development. According to the provisions of the bill, economic development would include “any endeavor, venture or enterprise to promote or stimulate the economy of a community through job growth, the establishment or growth of commerce and industry, increasing tax revenues, or expansion of the property tax base or sales tax base.”

### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.**

#### Assumptions:

- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property. To date, staff has been unable to find any instance of industrial development boards utilizing this power to date.

- The use of the power of eminent domain for traditional purpose such as the construction of roads would be a permissible public use, rather than a promotion of economic development, and would therefore continue.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director